

Testimony of William Black,  
Michigan Teamsters Joint Council #43 Legislative Director

On behalf of the 75,000 Michigan Teamsters and retirees I want to thank Representative Huizenga for calling these hearings and for giving us the opportunity to present the point of view of working families.

As you may know, the International Brotherhood of Teamsters is the largest transportation union in North America with 1.4 million members in trucking, airlines, ports and now rail.

We are a union on the move.

We have turned the corner – but there are greater challenges facing working families and corporate America.

It is from reaching out and talking to our Michigan members that I come to you today to speak about the crisis our state and nation faces.

It is a multi-faceted economic crisis that is hurting millions of Americans.

It is a crisis that is destroying the fabric of unity our nation so desperately needs in this time of global terrorism.

It is a crisis that will impact everyone in this room – from those holding elected office, to corporate leaders and union officials.

It's a tax policy crisis.

It's a health care crisis.

It's a trade crisis

It's a crisis of retirement security.

And it's a crisis of wages and jobs.

In short, it is the crisis of the American middle class and the manufacturing economy that made America the greatest industrial power the world has ever seen.

The depth of this crisis is very clear:

- Millions of good American jobs have gone overseas,
- The gap between the wealthy and the middle class has grown,
- The retirement security of millions of seniors, and now all workers, is threatened.
- Our crucial transportation infrastructure is in a state of decay,
- We are running the largest trade and budget deficits in world history

Wages are stagnant, while health care, education and the cost-of-living have skyrocketed.

It's a crisis that grips large sections of our nation.

Nowhere is it deeper than right here in Michigan.

Michigan has 5% fewer jobs today than in January 2001.

We have lost nearly 200,000 manufacturing jobs in that time. And nearly 250,000 jobs overall.

Of the million net jobs lost in the U.S. since 2001, a full 25% of them have been lost in Michigan.

Detroit has the highest rate of unemployment of any large city in the nation.

But the crisis is just as bad in Saginaw, Flint and Lansing, and, indeed most of our entire state.

In the last year alone Detroit Metro has lost nearly 40,000 jobs – in the middle of what is being called an economic recovery.

Where is this recovery?

Michigan lost 25,000 jobs in June alone.

In many states the blame can be laid at the door of the Governor's mansion.

But that is not the case in Michigan.

We have a Governor who understands the crisis.

A Governor who is doing everything in her power to reverse it.

Governor Granholm stands with us as a proponent of rebuilding our infrastructure and restoring the Detroit-Ontario industrial corridor to its preeminent place in North American manufacturing.

In my view the biggest potential job-creating project on the horizon is the Jobs Tunnel border-capacity improvement project. This project would convert the old Detroit/Windsor rail tunnel into a dedicated two-lane truck tunnel and also build a new high capacity rail tunnel next to the old one. This project will end the job-killing gridlock on the Ambassador Bridge and foster a new era of cross border trade and manufacturing so desperately needed in our state.

The Teamsters and organized labor are behind the Jobs Tunnel because it will create and save jobs in manufacturing, construction and transportation and because its good for the economy and good for national security.

There is growing support for the Jobs Tunnel and I want to urge everyone here to let it be known that you think the Jobs Tunnel should be started as quickly as possible.

Nationally the jobs picture is much worse than the official unemployment rate suggests.

In the last 3 years we have had the highest permanent layoff rate of at any time since the 1981-82 recession.

80% of the jobs we are losing are in manufacturing.

Funds for re-training programs are completely insufficient.

And the jobs crisis is connected to most of the other problems our nation faces.

It's behind the rise in poverty.

It's behind the decline in family income.

But I'm not here to talk about the problems, I'm here to talk about solutions.

I am here to find common ground.

Business and labor must find common ground if we are to secure our nation's economic future.

I also believe that given a level playing field, American workers can compete with workers anywhere in the world.

So why are we losing so many middle class jobs?

There are four primary reasons – each of which needs the political will to solve it.

Solving the crisis requires changes in tax policy, health care policy, trade policy and pension policy.

Let me start with tax policy.

I think it is wrong that in a time of war, our government is single-mindedly focused on tax cuts for the wealthy.

It is wrong that those making more than \$1 million per year – the top 1% of income earners – received one-third of the tax cuts.

Each of those individuals received an average reduction of more than \$78,000 per year!

I think it is wrong that we have let our federal budget go from a surplus of more than \$100 million to a deficit of more than \$400 billion in just 4 years.

I think it is wrong that real wages and family incomes are down.

Single-income families aren't just down – they're practically off the map.

Think about it.

- Nearly 5,000 Americans are forced to file for bankruptcy each day.
- 3 million more people are in poverty today than in 2001.
- Median family income fell again last year to slightly more than \$43,000 per year.

That is down close to \$2,000 from 1999.

As American workers have seen their real wages decline and poverty is on the rise, we are creating more millionaires and billionaires.

It's hard to imagine, but we created more millionaires in the last 3 years than we created jobs for American workers!

I think that's wrong.

Our 2.3 million millionaires have a combined wealth of more than \$8 trillion.

That's a lot of money.

I know the economic theory behind current tax policy is that it's supposed to create more incentives for job creation – that somehow that \$8 trillion will trickle down.

Well I've got news for you.

It's not trickling down.

In fact it's not even dripping down!

It's wrong.

It's politically wrong.

It's morally wrong.

And it's the wrong tax policy for a country that is finding it hard to get out of recession.

Let me move now to health care policy.



We are losing jobs because we have no government policy to bring health care costs down and to make it more accessible to all Americans.

A Michigan Manufacturing Project survey shows that 23% of manufacturers in our state say they have reduced their workforce to offset the increase in health care costs.

Last month, The New York Times had a front-page story saying “The Rising Cost of Health Benefits is cited as a Factor in Slump of Jobs.”

It is all connected.

The health care crisis is causing both a jobs and competition crisis.

As GM CEO Rick Wagoner said just 2 weeks ago, “By working together to improve the quality and reduce the cost of health care, we can free up literally billions of dollars that can be reinvested in our companies.”

He continued by saying “All of which improves our global competitiveness and drives economic growth.”

The crisis in health care is apparent to everyone, except the current Administration.

In the last year, 1.4 million more people lost their health insurance.

Today, 45 million people are without health care.

Close to 80 million people will be without health care coverage at some point during the year.

The number of uninsured is just the tip of the iceberg.

The reality is that the entire health care system is in crisis and it is dragging us all down.

Health care costs are out of control and destroying our nation's economic edge.

We spend an average of \$5,000 per year per capita on health care in the United States.

But our competitors spend \$3,000 or less and insure their entire population.

The employer based health care system is crumbling as costs skyrocket.

A decade ago two-thirds of workers had employer-based insurance – today that number is less than 50%.

And those with insurance are bearing more of the direct costs.

Out of pocket costs for workers have more than doubled since 1998.

Two-thirds of large employers have increased employee co-pays in the last year alone.

The health care crisis contributes to the export of our manufacturing base.

It's the cause of strikes.

It's pulling wages and family income down.

This crisis makes it more difficult for companies to compete.

And it makes it more difficult for the American worker to make ends meet.

The health care crisis is dragging down our entire economy.

This problem should bring business and labor together.

Its time to create a nationwide business-labor coalition to solve this crisis once and for all.

We must take health care out of the competitive equation and provide meaningful coverage for all of our citizens.

Now is the time to forge a solution to the health care crisis.

We cannot afford to wait any longer.

The third area I would like to explore today is our trade policy.

By failing to protect the American market against competition from cheap labor countries we are destroying good paying American jobs.

These free trade policies are a central cause of the American jobs and income crisis.

Look at Michigan in the last few months.

Electrolux sends 2,700 jobs to Mexico.

Johnson Controls sends 900 jobs to Mexico.

And the list goes on.

We have a government where the Chief Economist believes that the export of jobs is good for America.

Here's a quote from Gregory Mankiw the head of President Bush's Council of Economic Advisors:

"I think outsourcing is a growing phenomenon, but it's something that we should realize is probably a plus for the economy in the long-run."

This philosophy will not make one American worker sleep better at night.

Workers become unemployed in the short-run.

Families lose their homes and their health care in the short-run.

Children go without adequate clothing and shelter in the short-run.

What about the long run?

As Keynes said, "in the long-run we are all dead."

It's that simple.

And it's more than President Bush – it is the thousands of bureaucrats in the Departments that make up our government.

It is the hundreds of Members of Congress and their staffs that make up our legislative branch.

It is Democrats and Republicans.

Current trade policy encourages the export of capital and jobs in the interest of corporate profits – but at the expense of America itself.

That is the thinking that dominates our government, our academic institutions, and our media from top to bottom.

While the Administration says our record trade deficits and foreign account deficits don't matter, those making payroll every week know better.

Until the 1980s the rest of the world owed us more than we owed it.

This year the balance is against us by 30% of our gross domestic product.

This trend is unsustainable and requires radical action.

Our trade policy has benefited a select few while dragging down the American economy as a whole.

We need to put the American people and the health of the American economy back into the trade equation.

We are destroying the markets that are necessary to sustain demand.

And the biggest market we are destroying is right here in the United States where the middle class has less and less disposable income.

Our trade crisis demands that labor and business forge a solution that puts the American economy first.

We are ready to work with you, to find common ground, to develop a comprehensive trade policy.

And finally, I'd like to talk about our pension policies.

The pension crisis is wreaking havoc with American workers.

Our workforce is aging and we are not ready for the economic demands that a large senior population will place on our resources.

United Airlines and now Continental Airlines are just the most extreme examples of the crisis that lies ahead.

This is more than an economic issue.

It is a moral issue.

Millions of American workers who have played by the rules are seeing their retirement security go up in smoke.

I do not believe that labor and business can solve this crisis on our own.

We need the federal government to step up to the plate.

That doesn't mean making it more difficult to solve the crisis, as the so-called pension reform efforts of the Bush Administration would do.

It means a serious government policy to save the employer based pension system.

The defined-benefit employer based pension system came about because social security was not enough.

Private sector employers were required to make up the shortfall.

It started right here in Detroit in the auto industry.

But today, the United States lags behind the advanced world in providing retirement security.

We owe our current and future retirees a secure retirement.

And only the U.S. government has the power to make this happen.

I believe that these 4 areas are crucial to maintaining and restoring the American manufacturing base and the middle class.



We need a smarter tax policy.

We need health care reform.

We need a pro-American trade policy.

And we need to save the private pension system.

There is too much at stake to ignore these issues.

We have a responsibility as leaders in our fields to keep America strong and safe for future generations.

Together we can put America back to work, secure our economic future and secure the American dream for the vast middle class.

Thank you for your time.